

**МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ**

**ХАРКІВСЬКИЙ НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ  
МІСЬКОГО ГОСПОДАРСТВА імені О. М. БЕКЕТОВА**

**Збірник текстів і завдань до організації практичної роботи  
з дисципліни “Іноземна мова (за професійним  
спрямуванням)”(англійська мова)**

**(для студентів 1-2 курсів заочної форми навчання напрямів підготовки  
6.030504 Економіка підприємства і 6.030509 Облік і аудит )**

**Харків**

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**2015**

Збірник текстів і завдань до організації практичної роботи з дисципліни «Іноземна мова (за професійним спрямуванням)» (англійська мова) (для студентів 1-2 курсів заочної форми навчання напрямів підготовки 6.030504 «Економіка підприємства» і 6.030509 «Облік і аудит»). / Харків. нац. ун-т міськ. госп-ва ім. О. М. Бекетова; уклад.: Є.С. Моштаг, О. М. Тарабановська. – Харків: ХНУМГ ім. О. М. Бекетова, 2015. – 40 с.

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Затверджено на засіданні кафедри іноземних мов  
( протокол № 10 від 22 квітня 2015р.)

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## INTRODUCTION

These educational materials are designed for the ESP students of the 1<sup>st</sup> and 2<sup>nd</sup> year of studies of economics to develop their knowledge and skills in English according to their profession.

This manual is based on the authentic texts from different sources concerning Economics. It contains the tasks for reading and translation, vocabulary tasks and tasks for self-study. The manual consists of 14 units and is expected to be covered during student's practical lessons.

Each unit contains:

- pre-reading activity (questions and tasks)
- an authentic text for reading, translation and discussion in class;
- comprehension exercises;
- key vocabulary according to the topic. All key words are taken from the basic text where they are typed in italics;
- exercises for memorization and mastering key vocabulary;

The manual can be recommended both for using in class and for student's self-study.

## UNIT 1 FOREIGN LANGUAGES IN PEOPLE'S LIFE

### Task 1. Read and translate the text.

How many people speak English and why?

It is only in the course of the last hundred years that English has become a number one world language. In the year of 1600, in Shakespeare's time, English was spoken only by 6 million people and was a "provincial" language (as was Russian), while French was the leading foreign language of that century. Three centuries later 260 million people spoke English and now, at the end of the third this millennium, probably one billion people speak English. It has become one of the world's most important languages in politics, science, trade and cultural relations. In number of speakers English nowadays is second only to Chinese. It is the official language of the United Kingdom of Great Britain and Northern Ireland, of the United States of America, Australia and New Zealand. It is used as one of the official languages in Canada and South Africa and in the Irish Republic. It is also spoken as a second language by many people in India, Pakistan, numerous countries in Africa, where there are many different languages and people use English as an "official" or "second" language for government, business and education. Throughout the world many people use English as an international language: some use it for social purposes, others for business or study. In 1992 51 % of European schoolchildren studied English as their first foreign language and now this number is much higher.

### Task 2. Decide if the following statements are true or false.

1. English was the leading world language in the 17<sup>th</sup> century. T/F
2. At the beginning of the 20<sup>th</sup> century about 300 million people spoke English. T/F
3. More people in the world speak Chinese than English. T/F
4. English is among official languages of Canada and South Africa T/F
5. English is often used as a second language by representatives of different nations within one country. T/F
6. English may be called the language of business and commerce. T/F

### Task 3. You are going to read a text about English as a world language. Match the given words and phrases with their Russian equivalents

#### Part 1

- |                 |                     |
|-----------------|---------------------|
| 1. properly     | a) почта            |
| 2. worldwide    | b) преобладать      |
| 3. broadcasting | c) поиск информации |
| 4. shipping     | d) водные перевозки |
| 5. to estimate  | e) всемирный        |
| 6. advertising  | f) хранить          |
| 7. to dominate  | g) оценивать        |

- |                       |                  |
|-----------------------|------------------|
| 8. mail               | h) реклама       |
| 9. a retrieval system | i) собственность |
| 10. to store          | j) вещание       |

## Part 2

- |                  |                       |
|------------------|-----------------------|
| 11. infiltration | k) блин               |
| 12. to regard    | l) голландский        |
| 13. abolition    | m) вторжение          |
| 14. a jumbo jet  | n) реактивный самолет |
| 15. to eradicate | o) проникновение      |
| 16. invasion     | p) комар              |
| 17. pure         | q) отмена             |
| 18. Dutch        | r) искоренять         |
| 19. a pancake    | s) рассматривать      |
| 20. a mosquito   | t) чистый             |

## Task 4. Read the text and decide if the statements after it are true or false

### English as a World Language

English is losing its political and cultural associations and becoming the property of all cultures. Over 70 countries in the world use English as the official and semi-official language, and in 20 more English occupies an important position. It is the main foreign language taught within most school systems worldwide, many newspapers are published in English and it is the language of much radio and television broadcasting. English is the language of international business, the main language of airports, air traffic control and international shipping. It is the language of science, technology and medicine, and it is estimated that two-thirds of all scientific papers today are first published in English. It is the language of diplomacy and sport; it is one of the working languages of the United Nations and the language used by the International Olympic Committee. International pop culture and advertising are also dominated by English. 70% of the world's mail is written in English, and 80% of all information in electronic retrieval systems is stored in English.

English infiltration of foreign languages is often regarded with horror. One of the Presidents of France, Pompidou, recommended a return to totally unpolluted French with an abolition of all anglicisms. In official documents "fast food" and "jumbo jet" were to be referred to by French expressions instead. But it would be difficult to eradicate the use of such familiar French terms as "le weekend", "le sandwich" or "le parking". French is not the only "polluted" language. In German we find "der Babysitter", "der Bestseller" and "der Teenager". "Weekend" turns up again in Italian, where we can also find "la pop art" and "il pop corn". "Jeans" is found in almost every language of the world, and in Spanish we also have "pancakes", and "sueter" (sweater). Russian young people like to wear the latest trainer-style

“shoozy”. But this invasion is not one-sided. Other languages have quietly been getting their own back for a long time. Native English speakers may think they are speaking “pure” English when they talk about the alphabet, the traffic, a mosquito, a sofa, a garage, their pyjamas or their boss, but Greek, Italian, Spanish, Arabic, French, Hindi and Dutch speakers never know better!

### **Statements:**

1. English is losing the importance for the world culture T/F
2. More than 90 countries in the world use English as their official and semi-official language T/F
3. English is one of the main languages for mass-media T/F
4. English is the working language of all international airlines T/F
5. All scientific papers today are first published in English T/F
6. The staff of all foreign embassies should know English T/F
7. Some European countries resent the peaceful invasion of English T/F
8. English is the only language that “pollutes” other languages T/F
9. It is impossible to preserve language purity in the age of computer technologies T/F

## **UNIT 2. ECONOMICS AS A SCIENCE. THE FIRST MODERN ECONOMISTS.**

### **Task 1. Read the text and answer the questions.**

**Key words:** economics, science, trade, exchange, to acquire, discipline, industry, commerce, definition

### **WHAT IS ECONOMICS?**

Economy is as old as hills. It is probably the first art which man acquires. When in ancient time some people went out to hunt while others stayed to defend the fire and still other traded (exchange) some things for other ones, in all these cases we had economy.

But Economics as an academic discipline is new. The first important book on Economics was published in 1776. It was “The Wealth of Nations” written by Adam Smith (1723-1790). The author of this book was a Scottish economist. When he published the book Adam Smith was 53 years old. In the book he described the new world of industry and commerce. The fact is that his book founded classical economics modern for that time.

Since that time the subject developed rapidly. Now there are many branches of the subject. They are microeconomics, international economics, econometrics and so on.

There is an economic aspect to almost any topic we mention – education, health care, religion, employment, housing, transport, defence, etc.

Economics is a theory of how society works. It seems to be clear. However, it is difficult to define economics. There are many definitions.

The great classical economist Alfred Marshall defined: “Economics is the study of man in the everyday business of life”. J. Beardshaw, a British economist, gave more modern definition. It is: “The human science which studies the relationship between resources and the various users which compete for these resources”.

1. What is the first book on Economics?
2. What are the branches of this subject?
3. Where do we use economics?
4. What are the main definitions of economics?

**Task 2. Choose an appropriate word from the box to complete the following sentences.**

Resources production economic ancient economics economists market
---

- 1) In \_\_\_\_\_ times in primitive societies there was no private property.
- 2) \_\_\_\_\_ is a science that analyzes what, how, and for whom society produces.
- 3) In industrial Western countries markets are to allocate \_\_\_\_\_.
- 4) A free \_\_\_\_\_ economy has no government intervention.
- 5) The ideas of Adam Smith, the famous Scottish economist, have been studied by \_\_\_\_\_ for over two hundred years.
- 6) \_\_\_\_\_ are to regulate or plan \_\_\_\_\_ and consumption.
- 7) \_\_\_\_\_ statistics are of interest to economic policy decision-makers.

**Task 3. Read the sentences and say if they are true or false.**

- 1) Economy is as old as hills. T/F
- 2) But Economics as an academic discipline is not new. T/F
- 3) The first important book on Economics was published in 1876. T/F
- 4) The author of “The Wealth of Nations” was a Scottish philosopher. T/F



5) Economics is a theory of how society works. T/F

6) The great classical economist Alfred Marshall defined: “Economics is the study of man in the everyday business of life”. T/F

**Task 4. Scan the following reading for the answers to the questions below:**

1. What two groups are discussed?
2. How were they different from each other?
3. What is “favorable balance of trade”?
4. What is “laissez faire” and with which group is the term associated?

### **The First Modern Economists**

**The Mercantilists.** Between the 16<sup>th</sup> and 18<sup>th</sup> centuries, the major countries of Europe believed in the economic theory of mercantilism. Mercantilists argued that nations should behave as if they were merchants competing with one another for profit. Accordingly, governments should support industry by enacting laws designed to keep labor and other production costs low, and exports high. In this way the nation should achieve what was called a “favorable balance of trade”.

“Favorable balance of trade” described a situation in which export exceeded imports. The excess, which was like profits to a merchant, would result in an increase in the nation’s supply of gold and silver. And, as most people agreed in those days, the true measure of a nation’s wealth was its hoard of gold and silver.

To achieve favorable trade balances, the major European powers sought to acquire colonies. Colonies, it was thought, could provide the “mother country” with cheap labour, raw materials and a market for its manufactured goods.

In an effort to attain these goals in their American colonies, the British, for example, enacted the Navigation Acts. The Navigation Acts protected British industry by prohibiting the colonies from producing certain goods like hats, woolen products and wrought iron. The laws also listed certain “enumerated articles” (mostly raw materials) which could not be sold to buyers in countries other than England.

Resentment towards the Navigation Acts was so great that they are regarded as one of the principal causes of the Revolutionary War.

Today there are people who still argue that their country should promote a “favorable balance of trade”, that their national government should do what it can to restrict imports and promote exports. For this reason, they are often described as neo-mercantilists or “new” mercantilists.

**The Physiocrats.** For one group of 18<sup>th</sup> –century French philosophers and economists, the suggestion that nations should go out of their way to protect business and industry made no sense at all. These were the physiocrats.

The physiocrats argued that the products of agriculture and other natural resources were the true source of wealth. Since these were God-given, it made little sense for government to go out of its way to help business and industry increase profits. For similar reasons, they opposed government efforts to promote a “favorable balance of trade”.

In other words, since real wealth came from the land, it followed that the wisest thing government could do would be to keep its hands off business and let nature take its course. This idea was expressed in the slogan “laissez faire” (let people do as they choose).

Interestingly, the 200-year-old argument between those favoring regulation of the economy and those supporting “laissez faire” is still with us. Whether the problem involves the individuals (like those living in the poverty and unemployment) or institutions (such as a rising tide of business or bank failures), there are those who find the solution in government intervention, and others who favor “laissez faire”, letting natural economic forces take their course.

### **Questions for understanding**

Working with a partner do the following tasks. Share your ideas with the whole class.

1. Write a definition for each of the two groups of economists discussed in the article.
2. Identify the neo-mercantilists.
3. Can you name any individuals or groups of people in your country or abroad who could be described as neo-mercantilists?
4. In the United States today, opinion about economic policy continues to be divided into two schools of thought similar to those described in the article. Is this true in your country? Provide examples to support your opinion.

## **UNIT 3. MICROECONOMICS AND MACROECONOMICS**

### **Task 1. Read and translate the text**

**Key words:** to allocate, limited resources, to determine, market failure, elasticity of products, competition, aggregate trends

## Microeconomics and Macroeconomics

Microeconomics is a branch of economics that studies how individuals, households, and firms make decisions to allocate limited resources, typically in markets where goods or services are being bought and sold.

Microeconomics examines how these decisions and behaviors affect the supply and demand for goods and services, which determines prices, and how prices, in turn, determine the supply and demand of goods and services.

Macroeconomics, on the other hand, involves the "sum total of economic activity, dealing with the issues of growth, inflation, and unemployment and with national economic policies relating to these issues" and the effects of government actions (e.g., changing taxation levels) on them.

One of the goals of microeconomics is to analyze market mechanisms that establish relative prices amongst goods and services and allocation of limited resources amongst many alternative uses. Microeconomics analyzes market failure, where markets fail to produce efficient results, as well as describing the theoretical conditions needed for perfect competition. Significant fields of study in microeconomics include markets under asymmetric information, choice under uncertainty and economic applications of game theory. Also considered is the elasticity of products within the market system.

Macroeconomics is a branch of economics that deals with the performance, structure, and behavior of the economy as a whole. Macroeconomists study and seek to understand the determinants of aggregate trends in the economy with particular focus on national income, unemployment, inflation, investment, and international trade. In contrast, microeconomics is primarily focused on the determination of prices and the role of prices in allocating scarce resources.

While macroeconomics is a broad field of study, there are two areas of research that are emblematic of the discipline: the attempt to understand the causes and consequences of short-run fluctuations in national income (the business cycle), and the attempt to understand the determinants of long-run economic growth (increases in national income).

Macroeconomic models and their forecasts are used by both governments and large corporations to assist in the development and evaluation of economic policy and business strategy.

### Task 2. Answer the following questions:

1. What is microeconomics?
2. What does microeconomics examine?
3. What is the main goal of microeconomics?

4. What fields does microeconomics analyze?
5. What is macroeconomics?
6. What does macroeconomics study?
7. Characterize the areas of research of macroeconomics.
8. Whom are macroeconomics models are used by?

## **UNIT 4. ECONOMIC SYSTEMS.**

### **Task 1. Read and translate the text.**

**Key words:** economics, economic, economical, command economy, free market economy, mixed economy, society, demand, good, service, market, to allocate, consumption, decision, intervention, government intervention, level, restriction, the former, the latter, government regulation, importance.

### **Market and Command Economies**

Economics is a science that analyzes what, how, and for whom society produces. The central economic problem is to reconcile the conflict between people's unlimited demands with society's ability to produce goods and services.

In industrial Western countries markets are to allocate resources. The market is the process by which production and consumption are coordinated through prices.

In a command economy, a central planning office makes decisions on what, how and for whom to produce. Economy cannot rely entirely on command, but there was extensive planning in many Soviet block countries.

A free market economy has no government intervention. Resources are allocated entirely through markets.

Modern economies in the West are mixed and rely mainly on the market but with a large dose of government intervention. The optimal level of government intervention remains a problem which is of interest to economists.

The degree of government restrictions differs greatly between countries that have command economies and countries that have free market economies. In the former, resources are allocated by central government planning. In the latter, there is not any government regulation of the consumption, production, and exchange of goods. Between the two main types lies the mixed economy where market and government are both of importance.

### **Task 2. Answer the following questions**

1. What is central economic problem of the society?

2. What is market?
3. What is the function of the market in an industrial country?
4. How are decisions made in a command economy?
5. In what way does a free market economy differ from a command economy?
6. To which type do most economies in the West belong?

### Task 3. Translate the sentences from Russian into English

1. В странах с рыночной экономикой цены регулируют производство и потребление.
2. Основной целью статьи является формулирование теории о роли правительства в экономической жизни.
3. Экономика изучает то, как общество решает что, как и для кого производить.
4. Во многих странах существует большая степень центрального регулирования и планирования.
5. Развитые страны достигают экономического успеха через специализацию.
6. В годы войны в стране всегда имеет место регулирование экономики правительством.
7. В экономиках смешанного типа имеются правительственные ограничения того, что производить и как производить.
8. Каждый менеджер принимает решения, как распределить ограниченные ресурсы наилучшим образом.
9. Мы не можем положиться на эти данные при планировании производства на следующий год.
10. При рыночной экономике регулирование производства и потребления осуществляется через цены.

## UNIT 5. FACTORS OF PRODUCTION

**Key words:** physical capital, financial capital, human capital, fixed capital, circulating capital, labor force, natural resources, purpose, equipment, raw material, available, availability, contribution, means of production, machinery, durable, durable goods, production process, fuel, require, requirement, to meet the requirements, wage, enterprise, non-renewable, to use up, production cycle, value, transfer, final product, investment, efficiency, efficiency of labor, manufacture,

management, employment, unemployment, full employment, production costs, population, trade union, job.

### **Task 1. Read and translate the text.**

#### **Factors of Production: Capital and Labor**

Factors of production are resources used by firms as inputs for a good or service to be produced. Factors of production are as follows: capital, labor, and natural resources.

In economic theory, the term “capital” refers to goods and money used to produce more goods and money. Classifications of capital vary with the purpose of the classification. The most general distinction is the one made between physical, financial and human capital.

Physical capital is land, buildings, equipment, raw materials; bonds, stocks, available bank balances are included in the financial capital. They both make a great contribution in production.

To group capital into fixed capital and circulating capital is common practice. The former refers to means of production such as land, buildings, machinery and various equipment. They are durable, that is, they participate in the production process over several years. Circulating capital includes both non-renewable goods, such as raw material and fuel, and the funds required to pay wages and other claims against the enterprise. Non-renewable goods are used up in one production cycle and their value is fully transferred to the final product.

Human capital is knowledge that contributes “know-how” to production. It is increased by research and disseminated through education. Investment in human capital results in new, technically improved, products and production process which improve economic efficiency. Like physical capital, human capital is important enough to be an indicator of economic development of a nation.

It is common, in economics, to understand labor as an effort needed to satisfy human needs. It is one of the three leading elements of production. Labor has a variety of functions: production of raw materials, manufacturing of final products, transferring things from one place to another, management of production, and services like the ones rendered physicians and teachers.

One can classify labor into productive and unproductive. The former produces physical objects having utility. The latter is useful but does not produce material wealth. Labor of musician is an example.

Unlike other factors of production, for example capital, once workers are employed, their efficiency can vary greatly with organization of work and their motivation.

Demand for labor is influenced by the demand for goods produced by workers, the proportion of wages in total production costs, etc. The supply of labor depends upon the size of population, geographic mobility, skills, education level (human capital), etc. Workers supply labor either individually or through trade unions. If demand for supply of labor are not in equilibrium, there is unemployment. The rate of unemployment is a percentage of the total labor force without a job. It is desirable for an economy to have the lowest possible unemployment rate and to achieve higher employment as neither full use of resources nor maximum level of output can be achieved in an economy having unemployment.

Factors of production are combined together in different proportions in order to produce output. It is assumed in economics that one should choose the combination of factors which minimizes the cost of production and increases profits.

**Task 2. Answer the following questions:**

1. Name the factors of production.
2. Characterize factors of production.
3. How is labor classified?
4. What is demand for labor influenced by?
5. How do workers supply labor?

**Task 3. Decide if the following statements are true or false:**

1. Classifications of capital vary with the purpose of the classification T/F
2. Available bank balances are included in the financial capital T/F
3. Land is not included in the financial capital T/F
4. Fixed capital does not refer to the means of production T/F
5. Circulating capital includes both non-renewable goods, and the funds required to pay wages and other claims against the enterprise T/F
6. The value of non-renewable goods is not fully transferred to the final product T/F
7. Human capital is increased by research and disseminated through education T/F
8. Human capital is an indicator of economic development of a nation T/F
9. Unproductive labor produces physical objects having utility. T/F
10. Demand for labor is not influenced by the demand for goods produced by workers T/F



11. The supply of labor depends upon the education level T/F
12. It is desirable for an economy to have the lowest possible unemployment rate T/F

#### Task 4. Translate the sentences from Russian into English

1. Важно производить конечный продукт на территории страны.
2. Трудовые ресурсы – это часть населения, участвующая в производстве.
3. Труд имеет следующие основные функции: производство сырья, промышленное производство конечного продукта, управление и услуги.
4. Основные факторы производства следующие: земля, техника, финансовый капитал и труд.
5. Предприятие – это единица производства и управления.
6. В начале 90-х годов 40% трудовых ресурсов России было занято в негосударственном секторе экономики.
7. Повышение цен на нефть в начале 1970-х годов было достаточно сильным. Чтобы вызвать немедленное повышение стоимости экспорта топлива.

### UNIT 6. DEMAND AND SUPPLY

#### Task 1. Read and translate the text.

**Key words:** quantity, demand, supply, excess supply, equilibrium price, producer, consumer, shortage, raise, surplus, reduce, influence, income, increase, substitute good, decrease, complement good, normal good, inferior good, fall, input price, improvement, impose.

#### History

The phrase "supply and demand" was first used by James Denham-Steuart in his *Inquiry into the Principles of Political Economy*, published in 1767. Adam Smith used the phrase in his 1776 book *The Wealth of Nations*, and David Ricardo titled one chapter of his 1817 work *Principles of Political Economy and Taxation* "On the Influence of Demand and Supply on Price".

In *The Wealth of Nations*, Smith generally assumed that the supply price was fixed but that the demand would increase or decrease as the price decreased or increased. Ricardo, in *Principles of Political Economy and Taxation*, more



rigorously laid down the idea of the assumptions that were used to build his ideas of supply and demand. Antoine Augustin Cournot first developed a mathematical model of supply and demand in his 1838 **Researches on the Mathematical Principles of the Theory of Wealth**.

During the late 19th century the marginalist school of thought emerged. This field mainly was started by Stanley Jevons, Carl Menger, and Léon Walras. The key idea was that the price was set by the most expensive price, that is, the price at the margin. This was a substantial change from Adam Smith's thoughts on determining the supply price.

The model was further developed and popularized by Alfred Marshall in the 1890 textbook ***Principles of Economics***. Along with Léon Walras, Marshall looked at the equilibrium point where the two curves crossed. They also began looking at the effect of markets on each other. Since the late 19th century, the theory of supply and demand has mainly been unchanged. Most of the work has been in examining the exceptions to the model (like oligarchy, transaction costs, non-rationality).

### **General definitions**

Demand is the quantity of a good that buyers wish to buy at each price. Other things equal, at low prices the demanded quantity is higher.

Supply is the quantity of a good that sellers wish to sell at each price. Other thing equal, when prices are high, the supplied quantity is high as well.

The market is in equilibrium when the price regulates the quantity supplied by producers and the quantity demanded by consumers. When prices are not so high as equilibrium price, there is excess demand ( shortage ) raising the price. At prices above equilibrium price, there is excess supply ( surplus ) reducing the price.

There are some factors influencing demand for a good, such as the prices of other goods, consumer incomes and some others.

An increase in the good of a substitute good ( or a decrease in the price of a complement good ) will at the same time raise the demanded quantity.

As consumer income is increased, demand for a normal good will also increase but demand for an inferior good will decrease. A normal good is a good for which demand increases when incomes rise. An inferior good is a good for which demand falls when incomes rise.

As to supply, some factors are assumed as constant. Among them are technology, the input price, as well as degree of government regulation. An improvement in technology is as important for increasing the supplied quantity of a good as a reduction in input prices.

Government regulates demand and supply, imposing ceiling prices (maximum prices) and floor prices (minimum prices) and adding its own demand to the demand of the private sector.

**Task 2. Answer the following questions.**

1. Who used the term "supply and demand" for the first time?
2. What did Smith assume?
3. What did Antoine Augustin Cournot develop?
4. What was the key idea of the marginalist school?
5. What did Alfred Marshall study?
6. What is demand?
7. What is supply?
8. Describe the interrelationship between the quantity supplied by producers and the quantity demanded by consumers.
9. What factors influence demand for a good?
10. What raises the demanded quantity?
11. When does the demand for a normal good increase?
12. Give the definitions for such terms: *a normal good*, *an inferior good*.
13. What factors influence supply ?
14. In what way does the government regulate demand and supply?

**Task 3. Decide if the following statements are true or false.**

1. The phrase "supply and demand" was first used by Adam Smith in his 1776 book *The Wealth of Nations*. T/F
2. Ricardo, in *Principles of Political Economy and Taxation*, laid down the idea of the assumptions that were used to build his ideas of supply and demand. T/F
3. A mathematical model of supply and demand was firstly developed 1838 T/F
4. The marginalist school of thought emerged in the 18<sup>th</sup> century T/F
5. Since the late 19th century, the theory of supply and demand has been greatly changed T/F
6. Demand is the quantity of a good that buyers wish to buy at low prices T/F
7. Supply is the quantity of a good that sellers wish to sell at each price T/F
8. When prices are not so high as equilibrium price, there is excess supply ( surplus ) reducing the price T/F
9. At prices above equilibrium price, there is excess demand ( shortage ) raising the price T/F
10. An increase in the price of a substitute good will reduce the demanded quantity T/F
11. A normal good is a good for which demand increases when incomes rise. T/F
12. An inferior good is a good for which demand rises when incomes rise. T/F
13. As consumer income is increased, demand for a normal good will also increase but demand for an inferior good will decrease. T/F
14. Government does not regulate demand and supply. T/F

## UNIT 7. INFLATION

**Key words:** steady, inflationary spiral, inflation rate, hyperinflation, cause, explain, account, accept, occur, ensure, incomes policy, argue, speed, anticipate, extent, adjustment, indexation, cope with

### Task 1. Read and translate the text.

#### Inflation

Inflation is a steady rise in the average price and wage level. The rise in wages being high enough to rise costs of production, prices grow further resulting in a higher rate of inflation and, finally, in an inflationary spiral. Periods when inflation rates are referred to as hyperinflation.

The causes of inflation are rather complicated, and there is a number of theories explaining them. Monetarists, such as Milton Friedman, say that inflation is caused by too rapid increase in money supply and the corresponding excess demand for goods.

Therefore, monetarists consider due government control of money supply to be able to restrict inflation rates. They also believe the high rate of unemployment to be likely to restrain claims for higher wages. People having jobs accept the wages they are being paid, the inflationary spiral being kept under control. This situation also accounts for rather slow increase in aggregate demand.

On the other hand, Keynesians, that is, economists following the theory of John M. Keynes, suppose inflation to be due to process occurring in money circulation. They say that low inflation and unemployment rates can be ensured by adopting a tight incomes policy.

Incomes policies, though, monetarists argue, may temporarily speed up the transition to a lower inflation rate but they are unlikely to succeed in the long run.

The costs of inflation depend on whether it was anticipated and on the extent to which the economy's institutions allow complete inflation adjustment.

The longer inflation continues, the more the economy learns to live with it. Indexation is a means to reduce the costs of some inflation effects. Indexed wages or loans mean that the amount to be paid or repaid will rise with the price level. Indexation has already been introduced in countries that had to live with inflation rates of 30 or 40 per cent for years. And the more countries adjust their economies to cope with the inflation, the closer they come to hyperinflation. Indexation means that high rates of inflation are much more likely to continue and even to increase.

### **Task 2. Answer the following questions:**

1. What is inflation?
2. What is hyperinflation?
3. Characterize the causes of inflation.
4. What do the costs of inflation depend on?
5. What is indexation?

### **Task 3. Decide if the following statements are true or false.**

1. Prices grow results in a higher rate of inflation. T/F
2. Hyperinflation is a steady rise of inflation rates. T/F
3. Monetarists believe that inflation is caused by too slow increase in money supply. T/F
4. Monetarists suppose the low rate of unemployment to be likely to restrain claims for higher wages. T/F
5. Keynesians suppose inflation to be due to process occurring in money circulation. T/F
6. Monetarists believe incomes policies may temporarily slow up the transition to a lower inflation rate. T/F
7. Indexation is a means to reduce the costs of some inflation effects. T/F
8. Indexed wages or loans mean that the amount to be paid or repaid will fall with the price level. T/F
9. The more countries adjust their economies to cope with the inflation, the closer they come to hyperinflation. T/F
10. Indexation means that high rates of inflation are much more likely to continue and even to increase.

### **Task 4. Translate the sentences from Russian into English.**

1. Ускорение денежного обращения вызывает более высокие темпы инфляции.
2. В индустриальных странах доля наличных денег составляет до 4% денежной массы в обращении.
3. Политика доходов – это попытка прямо повлиять на заработную плату и другие доходы.
4. Когда повышается темп инфляции, процентные ставки растут, а совокупный спрос падает.
5. Экономисты уже определили, что вызывает инфляцию.
6. Правительство может принять жесткую политику, которая должна обеспечить низкий темп инфляции.

7. Постоянное увеличение денежной массы должно вызвать инфляцию.

## UNIT 8. TAXATION

**Task 1. Read and translate key words:** taxation, national defence, to levy the tax, to expand, revenue, taxpayer, voter, property tax, transaction, direct tax, income tax, capital gains, excise tax.

**Task 2. Read and translate the text.**

### TAXATION

Taxation is a system of raising money to finance government services activities. Governments at all levels - local, provincial, and national require people and business to pay taxes. Governments use the tax revenues to pay the cost of police and fire protection, health programmes, schools, roads, national defence, and many other public services. Direct taxes are levied (charged) on the incomes or wealth of individuals or companies.

Taxes are as old as government. The general level of taxes has varied over the years, depending on the role of the government. In modern times, many governments - especially in advanced industrial countries - have rapidly expanded their roles and taken on new responsibilities. As a result, their need for tax revenue has increased.

Over the years, people have frequently protested against tax increases. In these situations, taxpayers have favoured keeping services at current levels or reducing them. Voters have defeated many proposals for tax increases by provincial and local governments.

Governments levy many kinds of taxes. The most important kinds include property taxes, income taxes on transaction.

**Property taxes** are levied on the value of such property as houses, shops, factories, farms, and business equipment. The property tax first became important in ancient times. Today, it ranks as the chief source of income for many local governments. Property taxes are known as rates in some countries. They are called direct taxes because they are levied directly on the people expected to pay them.

Income taxes are levied on income from such sources as wages and salaries, dividends, interest, rent, and earning of companies. There are two main types of income taxes - individual income taxes and corporate income taxes. Individual income taxes, also called personal income taxes, are applied to the income of individuals and families. Corporate income taxes are levied on earnings of companies or corporations. Income taxes may also be levied on the earnings of estates and trusts. They generally are considered to be direct taxes. The corporate income tax also may be described as shifted tax. This is because companies shift the cost of the tax to their customers by raising prices. Most nations in the world levy income taxes. Many people have income

tax deducted automatically from their earnings by employers, who then pay it to the tax office.

**Capital gains tax** is a tax, separate from income tax, levied on profits received from the sale or exchange of real property, shares or other assets. If losses are made on some sales, they can be subtracted from overall profits to work out the amount liable to capital gains tax. Some countries treat capital gains as ordinary income, and charge income tax on them.

Taxes on transactions are levied on sales of goods and services and on privileges. There are three main types of such taxes - general sales taxes, excise taxes, and tariffs.

**General sales taxes** apply one rate to the sales of many different items. Australia, Canada, and the United States of America impose sales taxes. The value-added tax is a general sales tax levied in France, Great Britain, and other European countries. It is applied to the increase in value of a product at each stage of manufacture and distribution.

**Excise taxes** are levied on the sales of specific products and privileges. They include taxes on sales of such items as petrol, tobacco and alcoholic beverages. Other excise taxes are the license tax, the franchise tax, and the severance tax. The license tax is levied on the right to participate in an activity such as selling alcoholic beverages, using a motor vehicle, getting married or going hunting or fishing. Franchise tax is a payment for the right to carry on a certain kind of business, such as operating a bus service or a public utility. Severance tax is levied on processing of natural resources, such as timber, natural gas, or petroleum.

**Task 3. Answer the following questions.**

1. What is taxation?
2. How does the government use taxes?
3. What are direct taxes levied on?
4. What are the most important kinds of taxes?
5. Why are property taxes called direct taxes?
6. What are income taxes levied on?
7. What are main types of income taxes?
8. What is capital gains tax?
9. In what cases losses are subtracted from overall profits?
10. What are the main types of taxes on transactions?
11. What do excise taxes include?

**Task 4. Decide if the following statements are true or false**

1. Property taxes are levied on sales of goods T/F
2. Capital gains tax is levied on profits received from the sale or exchange of real property T/F
3. General sales taxes is applied to the increase in value of a product at the first

stage in its manufacture and distribution T/F

4. Property taxes ranks as the chief source of income for many local governments T/F

5. Income taxes are not considered as direct taxes T/F

6. Excise taxes are levied on the sales of specific products and privileges T/F

7. Income taxes are levied on imported goods T/F

8. Property taxes are levied on the value of houses or business equipment T/F

9. There are three types of income taxes T/F

10. Companies can not shift the cost of the tax to their customers by raising the price T/F

11. Excise tax is one of the types of taxes on transactions T/F

## UNIT 9. MONEY

**Key words to memorize:** money, goods, payment, service, debt, currency, barter, trader, transaction, account, capital, banknote (AmE bill), coin, check, debit card, value

**Task 1. Read and translate the text. Pay attention to the usage of the key words**

Economics offers various definitions for **money**, though it is now commonly defined as any **good** or token that functions as a medium of exchange that is socially and legally accepted in **payment** for **goods** and **services** and in settlement of **debts**. Money also serves as a standard of **value** for measuring the relative worth of different **goods** and **services**.

The use of money provides an easier alternative to **barter**, which is considered in a modern, complex economy to be inefficient because it requires a coincidence of wants between **traders**, and an agreement that these needs are of equal **value**, before a **transaction** can occur.

Money is generally considered to have the following characteristics: "Money is a matter of functions four, a medium, a measure, a standard, a store". To function as money, the monetary item should possess a number of features:

1. It is a **medium of exchange**. To be a medium of exchange:
  - It should have liquidity, and be easily tradable, with a low spread between the prices to buy and sell, in other words, a low **transaction** cost.
  - It should be easily transportable; precious metals have a high **value** to weight ratio. This is why oil, coal, vermiculite, or water is not suitable as money even though they are valuable. Paper notes have proved highly convenient in this regard.
  - It should be durable. Money is often left in pockets through the wash. Some countries (such as Australia, New Zealand, Mexico and Singapore) are making their **bank notes** out of plastic for increased durability. Gold **coins** are often mixed with copper to improve durability.



## 2. It is a **unit of account**

A **unit of account** is a standard numerical unit of measurement of the market **value of goods, services, and other transactions**.

To be a unit of account:

- It should be divisible into small units without destroying its **value**; precious metals can be coined from bars, or melted down into bars again. This is why leather and live animals are not suitable as money.
- It should be fungible: that is, one unit or piece must be exactly equivalent to another, which is why diamonds, works of art or real estate are not suitable as money.
- It must be a specific weight, or measure, or size to be verifiably countable. For instance, **coins** are often made with ridges around the edges, so that any removal of material from the coin (lowering its **commodity value**) will be easy to detect.

## 3. It is a store of value

To act as a **store of value**, money must be able to be reliably saved, stored, and retrieved.

### **Modern forms of money.**

**Banknotes** (also known as paper money) and **coins** are the most liquid forms of tangible money and are commonly used for small person-to-person **transactions**. Today, gold is commonly used as a store of value, but is not often used as a medium of exchange or a unit of account. But central banks do use gold as a unit of account.

There are also less tangible forms of money, which nevertheless serve the same functions as money. **Checks, debit cards** and wire transfers are used as means to more easily transfer larger amounts of money between bank **accounts**. Electronic money is an entirely non-physical **currency** that is traded and used over the internet.

### **Benchmark world currencies**

These are the major currencies used in trading.

- Australia - Australian Dollar (AUD)
- Canada - Canadian Dollar (CAD)
- China - Renminbi (CNY)
- European Monetary Union (EUR-13) - Euro (EUR)
- Hong Kong - Hong Kong Dollar (HKD)
- Japan - Japanese Yen (JPY)
- Switzerland - Swiss Franc (CHF)
- United Kingdom - Pound Sterling (GBP)
- United States - US Dollar (USD)

### **Task 3. Answer the following questions:**

1. What are the basic money functions?
2. For what reason is barter considered being less efficient than money?
3. What forms of money are mentioned in the text? Which of them are the most suitable to be used as money?
4. How do some countries make their banknotes more durable?

### **Task 4. Translate the following sentences from Russian into English**



1. Деньги имеют четыре основные функции: средство обмена, средство сбережения, расчетная единица, отсроченный платеж.
2. Деньги не имеют стоимости сами по себе, но они служат средством для обмена товаров.
3. Деньги позволяют людям определить стоимость товаров и услуг.
4. Займ – это сумма денег, которую человек или фирма берет в долг у банка.
5. Чеки и кредитные карточки становятся более популярным средством платежа, чем деньги.
6. В некоторых странах иностранная валюта используется наряду с национальной валютой.

## UNIT 10. ACCOUNTING

**Key words to memorize:** accounting, investor, tax, accountant, stakeholder, shareholder, creditor, bookkeeping, property, debit, balance sheet, asset, liabilities, profit, costs, equity

### Task 1. Read and translate the text. Pay attention to the usage of the key words

The **accounting** system in any given country is one of the key elements of the economic system. The subject of **accounting** is the calculation of the financial results of an entity's business activity. **Accounting** is also widely referred to as the "language of business".

**Accounting** is based on the accounting equation, which states that a firm's **assets** must equal its **liabilities** plus its owners' **equity**.

**Assets** and **liabilities**, **profits** or losses are listed in financial statements. The two main types of financial statements are the **balance sheet** and the income statement (profit and loss account).

The **balance sheet** lists a firm's **assets**, **liabilities** and owner's **equity** at a point of time. It is drawn periodically: monthly, quarterly, half-yearly, annually. The **balance sheet** shows a lot of useful financial information, but it does not show everything. A firm's sales, **costs**, and **profits** for a given period are shown in an income statement.

**Financial accounting** is one branch of accounting and historically has involved processes by which financial information about a business is recorded, classified, summarized, interpreted, and communicated; for public companies, this information is generally publicly-accessible. By contrast **management accounting** information is used within an organization and is usually confidential and accessible only to a small group, mostly decision-makers.

Practitioners of accountancy are known as **accountants**. There are many professional bodies for accountants throughout the world.

#### The "Big Four" accountancy firms

The "Big Four auditors" are the largest multinational accountancy firms.

- PricewaterhouseCoopers

- Deloitte Touche Tohmatsu
- Ernst & Young
- KPMG

Accounting/accountancy attempts to create accurate financial reports that are useful to managers, regulators, and other **stakeholders** such as **shareholders**, creditors, or owners. It can show the managers or owners of a business whether or not the business is operating at a **profit**.

The day-to-day record-keeping involved in this process is known as **bookkeeping**.

At the heart of modern financial accounting is the **double-entry bookkeeping system**. This system involves making at least two entries for every transaction: a **debit** in one account, and a corresponding **credit** in another account. The sum of all **debits** should always equal the sum of all **credits**, providing a simple way to check for errors. This system was first used in medieval Europe, although claims have been made that the system dates back to Ancient Rome or Greece.

### **Task 2. Answer the following questions:**

1. How often are balance sheets drawn?
2. What is the basic difference between financial and management accounting?
3. What is the main principle of the double-entry bookkeeping system?
4. Are the terms accounting and bookkeeping equal? If not, in what way do they differ?
5. Who is interested in accounting information?

**Task 3. Fill in the gaps using the word from the box. Some of the words are used more than once, some of the words you don't need to use**

assets interest creditors equity property debit stakeholders bookkeeping  
investors accountants liabilities

1. A company's \_\_\_\_\_ can consist of cash, investments, buildings, machinery, specialist knowledge, etc.
2. Most of the venture funds have come from foreign \_\_\_\_\_.
3. The judicial system now had to protect \_\_\_\_\_ instead of debtors.
4. The hotel is not responsible for any loss or damage to guests' personal \_\_\_\_\_.
5. Every \_\_\_\_\_ must have a corresponding credit and vice-versa.
6. All \_\_\_\_\_ must have a voice if it is to be a true partnership.
7. In the USA public \_\_\_\_\_ are those who are available to the public for such accounting functions as monthly bookkeeping and tax preparation.
8. Information relating to the financial position of a company, mainly about assets and \_\_\_\_\_, is presented in a balance sheet.

**Task 4. Translate the following sentences from Russian into English.**

1. Основная цель бухгалтерского учета – показать финансовое состояние компании.
2. Бухгалтерский отдел фирмы регистрирует всю соответствующую финансовую информацию.
3. Акционеры, инвесторы и кредиторы изучают финансовую документацию компании.
4. Бухгалтерский учет – это регистрация и изучение всех финансовых документов, касающихся деятельности компании.
5. Финансовый отчет – это основной документ бухгалтерского учета.
6. Баланс показывает финансовое состояние компании за определенный период.
7. Бухгалтерский учет отражает всю финансовую деятельность компании.

## UNIT 11. AUDIT

**Key words to memorize:** audit, to assign, evaluation, valid, reliable, assessment, sample, auditor, report, assurance, charity, employee, staff

### **Task 1. Read and translate the text. Pay attention to the usage of the key words**

The most general definition of an **audit** is an **evaluation** of an organization, system, process, project or product. **Audits** are performed to ascertain the **validity** and **reliability** of information, and also provide an **assessment** of a system's internal control. Auditing is therefore a part of some quality control certifications such as **ISO 9000** (International Standards Organization an international organization which sets standards for the size, shape, and technical features of industrial goods, electrical products etc.). An **audit** is based on random **sampling** and is not an **assurance** that **audit** statements are free from error. However the goal is to minimize any error, hence making information **valid** and **reliable**.

Traditionally audits were mainly associated with gaining information about financial systems and the financial records of company or a business (see **financial audit**). However recently **auditing** has begun to include other information about the system, such as information about environmental performance. As a result there are now professions that conduct environmental audits.

In financial accounting, an audit is an independent **assessment** of the fairness by which a company's financial statements are presented by its management. It is performed by competent, independent and objective person or persons, known as **auditors** or **accountants**, who then issue a report on the results of the audit.

Such systems must adhere to generally accepted standards set by governing bodies that regulate businesses. It simply provides **assurance** for third parties or

external users that such statements present 'fairly' a company's financial condition and results of operations.

An important type of **audit** is the **financial audit**. It is designed to determine whether financial statements are fairly presented in accordance with International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP). In the United States, financial audits are required for all publicly registered companies.

In addition, financial audits may be performed for private companies, registered **charities**, and some governmental and public entities. Private companies typically request financial audits year after year because lenders may have required an audit or owners may want to have external unbiased eyes look at the financial statements to determine if the company is complying with all the required accounting principles. **Charities** would require a financial audit to show the financial status of the organization to potential donors. Governments and government businesses are usually required to be audited by statutes to determine if all the money budgeted has been properly spent. Government financial reports are not always audited by outside auditors. Some governments have elected or appointed auditors.

#### **Types of auditors**

There are two types of auditors:

**Internal auditors** – are **employees** of a company hired to **assess** and **evaluate** its system of internal control. To maintain independence, they present their **reports** directly to the Board of Directors or to Top Management. They provide functional operation to the concern. Internal Auditors are employees of the company so that they can easily find out the frauds and any mishappening.

**External auditors** – are independent **staff assigned** by an auditing firm to **assess** and **evaluate** financial statements of their clients or to perform other agreed upon evaluations. Most external auditors are employed by accounting firms for annual engagements. They are called upon the outside of the company.

#### **Task 2. Answer the following questions:**

1. What is the main goal of auditing?
2. In what way is auditing connected with ISO?
3. How has the concept of traditional audit changed lately?
4. What are the principle differences between internal and external auditors?

#### **Task 3. Fill in the gaps with appropriate words from the box. Some of the words you don't need to use.**

reliable, to assign, evaluation, staff, sample, report, assurance, charity, valid, employee, auditors
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1. \_\_\_\_\_ are accountants who estimate the accuracy of a company's financial statements, and if they find any disagreements in the documents with generally accepted accounting principles, they will be responsible to inform about them in their report.
2. We have to \_\_\_\_\_ Mr. Smith to the advertising campaign.
3. Inspectors will have to do a thorough \_\_\_\_\_ of the project before we can continue.
4. The government still hasn't produced a \_\_\_\_\_ argument in favour of its policies on immigration.
5. Eating sensibly and taking regular exercise is a fairly \_\_\_\_\_ method of losing weight.
6. Our library \_\_\_\_\_ will be happy to help if you are unable to find the book you want.
7. \_\_\_\_\_ of American Airlines get generous reductions on the cost of flights.
8. I'd like to see some \_\_\_\_\_ of your work.

#### **Task 4. Translate the following sentences from Russian into English.**

1. Аудит тесно связан с бухгалтерским учетом.
2. Аудит – это просмотр и независимая оценка финансовых записей.
3. Основная цель аудита – предоставить пользователю финансовых документов уверенность, что он имеет дело с реальным финансовым положением компании.
4. Существует два основных вида аудита – внутренний и независимый.
5. Внутренний аудит – это контроль бухгалтерами компании. Они проверяют точность и надежность записей.
6. Независимый аудит – это просмотр финансовой документации бухгалтерами, которые работают в других фирмах. Такие аудиторы должны предоставить честную и правдивую информации о реальном финансовом положении компании.

### **UNIT 12. COMPUTERS**

**Key words to memorize:** browser, file, software, World Wide Web, Internet, on-line, chip, site, e-mail, directory, electronic commerce, to connect, connection, to link, delivery, remote, to elaborate, to refer, to support, computer security, date security, to encrypt, to facilitate, to collaborate, surrounding, network, intranet, extranet

**Task 1. Read and translate the text. Pay attention to the usage of the key words.**

### **Modern Means of Communication and Electronic Commerce**

Connecting many computer **networks** and using common addressing system, the **Internet** has been growing rapidly since its creation in 1983, radio, telephone and cable television wires, and satellites being used to deliver Internet services. By the mid-1990s the Internet linked millions of computers throughout the world and it is sure to be most important commercial and popular means of communication nowadays. Having expanded considerably during the 1990s, the **World Wide Web** enables users easily to examine the internet **sites** and now it is likely to have become the leading informational service of the Internet.

Since the mid-1990s **electronic commerce** has become one of the most rapidly growing retail sectors involving the use of computer telecommunication **networks** for maintaining business relationships and selling information, services and commodities. Although **e-commerce** usually **refers** only to the trading of goods and services over the Internet, it actually includes broader economic activity such as business-to-consumer and business-to-business commerce as well as internal organizational transactions that support these activities.

A large part of **e-commerce** was transferred to the Internet after the first graphical “**browser**” **software** for the access to the **World Wide Web** had been introduced in 1993 and when the number of companies and individuals using “**on-line**” had greatly increased. In some fields new **Internet** retailers seem to have grown up overnight and begun successfully competing with traditional retailers. Most of recently established companies are known to include the **electronic commerce** in their business as well.

The further development of secure electronic transfer of sensitive information, such as credit card numbers and electronic funds transfer orders, is certainly to be essential to the continued growth of **e-commerce**. It is often necessary to ensure the **encrypting** of Web purchase forms, many individuals also usually **encrypting** their **e-mail**.

Among other innovations that have contributed to the growth of **e-commerce** are electronic **directories** and search systems for finding information on the Web; **software** agents that act autonomously to allocate goods and services; and special identifying services over the Internet. These intermediary services **facilitate** the sale of goods (actually delivering the goods in the case of information), the rendering of services such as banking, ticket reservations, and stock market transactions, and even the delivery of **remote** education and entertainment. Specialists consider electronic auction sales and markets to be other rapidly developing parts of **e-commerce**. The former offer a large variety of goods from computers and electronics to books, recordings, automobiles and real estate, while the latter allow a buyer to choose offers from many sellers.

Businesses often develop private **intranets** for sharing information and **collaborating** within the company, these **networks** usually being isolated from the surrounding Internet by special computer-security systems. Businesses also often rely on **extranets** which are extensions of a company's **intranet**.

One should mention some more important benefits of **e-commerce**. Due to its development the role of geographic distance in forming business relationships is being reduced. Some traditional businesses are being replaced by their electronic equivalents or are being made entirely useless. Prices of commodity products are generally lower on the web and it results not only from lower costs of doing electronic business but also from the ease comparison shopping in cyberspace. A new form of **collaboration** known as a virtual company is flourishing now. This type of company is actually as a **network** of firms, each performing some of the processes needed to manufacture a product or deliver a service.

**Task 2. Answer the following questions:**

1. What were the original uses of Internet?
2. Why has the Internet spread so widely all over the world?
3. How can individuals and businesses use the Internet?
4. What does the electronic commerce include?
5. When did e-commerce appear?
6. What promoted the development of e-commerce?
7. What are the benefits of e-commerce in comparison with the traditional retail system?

**Task 4. Fill in the gaps with appropriate words from the box. Some of the words you don't need to use.**

To collaborate, to elaborate, to benefit, service, to create, to flourish, to refer, to deliver, sale, remote, secure, surrounding, virtual, creation, to manufacture, to link

1. Users of e-commerce as well as entertainment industries are interested in \_\_\_\_\_ for \_\_\_\_\_ joint sites in the Internet.
2. E-mail can \_\_\_\_\_ both texts and graphics to computer users.
3. The type of production is often influenced by the \_\_\_\_\_ conditions.
4. The development of the Internet system was followed by the \_\_\_\_\_ of e-commerce.
5. Even people in \_\_\_\_\_ places of the world can have the access to the computer net-work.



6. The development of programmes ensuring \_\_\_\_storage of information in computers is one of the important tasks of many programmers.
7. The \_\_\_\_\_ of networks and e-mail system allows a large company to use them for \_\_\_\_\_ employees within the company.
8. Having\_\_\_\_\_ upon a new web-browser called Mosaic, American engineers made it available to users in September 1993.
9. The latest \_\_\_\_\_ figures for these goods are much in line with market trends.

#### **Task 5. Translate the sentences from Russian into English**

1. Так как развиты новые технологии для средств связи, услуги системы Интернет могут быть доставлены пользователям отдаленных мест.
2. Благодаря всемирной компьютерной сети можно получить доступ к разнообразной информации в системе Интернет.
3. Компьютерная сеть, как известно, используется для разных целей, причем электронная почта и электронная торговля являются самыми важными ее компонентами.
4. Чем больше пользователей присоединено к компьютерным сетям, тем быстрее будет распространяться электронная розничная торговля.
5. Связь посредством Интернет имеет важное значение как для отдельных людей, так и для организаций.
6. Все типы компьютерных сетей должны быть обеспечены системами безопасности для передачи секретной информации.

### **UNIT 13. MARKETING**

**Key words to memorize:** marketing, to advertise, customer, to benefit, purchase, profit, branding (brand), product, promotion, to distribute (distribution), target (market/group/area etc)

**Task 1. Read and translate the text. Pay attention to the usage of the key words**

**Marketing** is one of the terms in academia that does not have one commonly agreed upon definition. In a nutshell it consists of the social and managerial processes by which **products**, services and value are exchanged in order to fulfill individual's or group's needs and wants. These processes include, but are not limited to, **advertising**.

#### **Definitions**



1. "...an organizational function and a set of processes for creating, communicating, and delivering value to **customers** and for managing **customer** relationships in ways that **benefit** the organization and its stakeholders."
2. "Human activity directed at satisfying needs and wants through exchange processes". Philip Kotler
3. "...the ongoing process of moving people closer to making a decision to **purchase**, use, follow, refer, upload, download, obey, reject, conform, become complacent to someone else's **products**, services or values. Simply, if it doesn't facilitate a "sale" then it's not marketing."
4. "...the thing process of anticipating, identifying and satisfying **customer** requirements **profitably**" Chartered Institute of Marketing.

Take these definitions collectively and a comprehensive definition of marketing, applicable to both business and non-business environments, emerges:

Processes, functions, exchanges or activities – that create perceived value by satisfying needs of those involved in the transaction. These processes succeed in moving people closer to making a decision to **purchase** and facilitate a "sale." Afterwards, these processes anticipate, identify and satisfy **customer** requirements profitably and successfully manage existing relationships.

Within most organizations, the activities encompassed by the marketing function are led by a Vice President or Director of Marketing. A growing number of organizations, especially large US companies, have a Chief Marketing Officer position, reporting to the Chief Executive Officer.

### **Strategic Marketing**

Strategic Marketing attempts to determine how an organization competes against its competition in a market place.

### **Operational Marketing**

Operational Marketing executes marketing functions to attract and keep **customers** and to maximize the value derived from them.

### **Four Ps**

In popular usage, "marketing" is the **promotion** of products, especially **advertising** and **branding**. However, in professional usage the term has a wider meaning which recognizes that marketing is **customer** centered. **Products** are often developed to meet the desires of groups of customers or even, in some cases, for specific customers. E. Jerome McCarthy divided marketing into four general sets of activities. His typology has become so universally recognized that his four activity sets, the Four Ps, have passed into the language.

The four Ps are:

- *Product*: deciding what to sell
- *Price*: deciding what prices to charge.
- *Promotion*: deciding how the product will be supported with **advertising**, special activities, etc.
- *Place*: deciding how the product will be **distributed** and where people will buy it.

These four elements are often referred to as the marketing mix.

For a marketing to be successful, the mix of the four "Ps" must reflect the wants and desires of the consumers in the **target market**.

Marketers depend on marketing research, both formal and informal, to determine what consumers want and what they are willing to pay for it. Marketers hope that this process will give them a sustainable competitive advantage. Marketing management is the practical application of this process. The offer is also an important addition to the 4P's theory.

**Task 3. Answer the following questions:**

1. What do all definitions of marketing have in common?
2. What are the main functions of strategic and operational marketing?
3. Who are marketers?
4. What is the synonym to marketing mix?
5. Who is in charge of marketing activities within any organization?

**Task 4. Fill in the gaps with appropriate words from the box. Some of the words you don't need to use.**

advantage   promotion   to benefit   distribution   discounts   strategy   brands   profits end-user   purchase place
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1. The Product marketing deals with the specifications of the actual good or service, and how it relates to the needs of the \_\_\_\_\_.
2. Pricing refers to the process of setting a price for a product, including \_\_\_\_\_.
3. \_\_\_\_\_ includes advertising, sales promotion, publicity, and personal selling, and refers to the various methods of promoting the product, brand, or company.
4. Placement or \_\_\_\_\_ refers to how the product gets to the customer; for example, point of sale placement or retailing.
5. The reason their cars sold so well was that they had a brilliant marketing \_\_\_\_\_.
6. Coke and Pepsi are the most popular \_\_\_\_\_ of cola.
7. All the \_\_\_\_\_ from the auction will go to cancer research.
8. New regulations will greatly \_\_\_\_\_ the region's poorest residents.

**Task 5. Match two parts of the sentences.**

1. Marketing involves choosing target customers and	a. as well as virtual stores on the Internet.
2. A brand is a name a company gives	b. designing a persuasive marketing mix

to its products	to get them to buy.
3. Advertising covers any communication that is paid for,	c. from cinema commercials, radio and Internet adverts through print media and billboards
4. Public relations are where the communication is not directly paid for and includes press releases,	d. sponsorship deals, exhibitions, conferences, seminars or trade fairs and events.
5. The business may increase or decrease the price of product	e. so they can be easily recognized.
6. The location where a product can be purchased can include any physical store	f. if other stores have the same product.

### Task 6. Translate the sentences from Russian into English

1. Маркетинг – это деятельность компании, связанная с перемещением товаров и услуг от производителя к покупателю.
2. Маркетинг – очень сложный процесс. Он включает такие виды деятельности как планирование, хранение, покупка, оценивание, продвижение, продажа, перемещение и рекламирование товаров и услуг.
3. Существует много определений маркетинга.
4. “Маркетинговый микс” включает 4 элемента: продукт, цена, место и продвижение.
5. Место – это размещение определенных товаров и услуг, а также их распределение.
6. Продвижение – это реклама и продажа товаров и услуг.
7. Третий элемент маркетинга – исследование и разработка новых продуктов либо услуг.
8. Цена – наиболее изменяемый элемент. При возрастании цен покупатели могут купить меньше товаров либо товары более низкого качества.

## UNIT 14. BANKING

**Key words to memorize:** to accept, deposit, to deposit, investment, loan, stake, regulation, joint-stock company, to draw a cheque, overdraft, interest, security, household, to lend, to borrow

**Task 2. Read and translate the text. Pay attention to the usage of the key words**

A bank is a financial institution that **accepts deposits** and channels those **deposits** into lending activities. Banks primarily provide financial services to customers while enriching investors. Government restrictions on financial activities by banks vary over time and location. Banks are important players in financial markets and offer services such as **investment** funds and **loans**. In some countries such as Germany, banks have historically owned major **stakes** in industrial corporations while in other countries such as the United States banks are prohibited from owning non-financial companies. The level of government **regulation** of the banking industry varies widely, with countries such as Iceland, having relatively light **regulation** of the banking sector, and countries such as China having a wide variety of regulations.

The oldest bank still in existence is Monte dei Paschi di Siena, headquartered in Siena, Italy, which has been operating continuously since 1472.

In a country with a developed banking system there are different kinds of banks with widely varying activities:

They are:

**1. The Universal banks.** Those banks (commonly found in Switzerland, West Germany and the Netherlands) are allowed to do almost anything financial, from **lending** other people's money to underwriting, advising on **investments**, stockbroking, etc.

**2. The ordinary deposit banks.** These include the commercial or **joint-stock** banks, large and small, some private banks. All these have direct contact with the public which **deposits** money with them and **draws cheques** on them.

**3. The savings banks.** The chief function of these banks is explained by their name. In old times savings banks were banks which **accepted** only the **deposits** of small savers. They did no business with industry and provided no money-transmission service, had no **cheque-drawing** facilities. These distinctions between savings banks and other banks are now being eroded.

**4. The merchant banks.** Merchant banks are British banks which concentrate on advising companies about raising new capital and about buying or selling other companies. They do a bit of **lending** too.

**5. The consortium banks.** A consortium bank is a bank owned by a group of other banks from a number of different countries, no one of which owns a majority share.

#### **Traditional banking activities**

Banks act as payment agents by conducting checking or current accounts for customers, paying cheques drawn by customers on the bank, and collecting cheques deposited to customers' current accounts. Banks also enable customer payments via other payment methods such as telegraphic transfer, EFTPOS (electronic funds transfer at point of sale), and ATM (automated teller machine).

Banks **borrow** money by **accepting** funds deposited on current **accounts**, by accepting term deposits, and by issuing debt **securities** such as banknotes and bonds. Banks **lend** money by making advances to customers on current accounts, by making installment **loans**, and by investing in marketable debt **securities** and other forms of money lending.

Banks provide almost all payment services, and a bank account is considered indispensable by most businesses, individuals and governments. Banks **borrow** most funds from **households** and non-financial businesses, and **lend** most funds to **households** and non-financial businesses.

Banks and bank accounts are regulated by both state and federal statutory law. Bank accounts may be established by national and state chartered banks and savings associations. All are regulated by the law under which they were established.

**Task 3. Answer the following questions:**

1. Does the government regulate banking activities in any way?
  1. What services do banks offer to individuals/corporations?
  2. What kinds of banks exist? Describe their activities.
  3. What methods of payment are mentioned in the text?

**Task 4. Fill in the gaps with appropriate words from the box. Some of the words you don't need to use**

To accept, deposit, to deposit, investment, loan, stake, regulation, joint-stock company, to draw a cheque, overdraft, interest, security, household, to lend, to borrow

1. After a three week strike, the company has finally \_\_\_\_\_ the workers' pay demands.
2. Banks introduced ATMs in the 1970s to automate two functions: \_\_\_\_\_ and cash extraction.
3. Mexico repaid its US \_\_\_\_\_ through a successful program of economic reform.
4. A lot of banks don't want to \_\_\_ money to new businesses.
5. Companies normally expect to \_\_\_\_\_ at cheaper rates than ordinary people have to pay.
6. Under the new \_\_\_\_\_, coach drivers must take a break every four hours.
7. The government is encouraging employees to own a \_\_\_\_\_ in the company they work for.

**Task 5. Match two parts of the sentences.**

1. There are two principal ways in which a businessman can borrow money from his bank:	a. loans are often short term.
2. An overdraft is a sum of money	b. drawn from a bank by a customer that is more than the amount he holds in his account with the bank.
3. When the bank makes a loan,	c. or its overdrafts charged, within a year.
4. Because bank funds must be kept fluid,	d. a separate loan account is opened at the bank in the borrower's name.
5. A bank will not lend money to a customer	e. by means of a loan and by means of an overdraft
6. Normally the bank likes to have its loans repaid	f. unless it knows that the money can be repaid quickly.

#### **Task 6. Translate the sentences from Russian into English**

1. Существует несколько типов банков. Банки классифицируются в соответствии с услугами, которые они предоставляют.
2. Сберегательные банки – это финансовые заведения, которые накапливают сбережения клиентов и инвестируют долгосрочное кредитование.
3. Коммерческие банки выдают краткосрочные кредиты.
4. Трестовые компании – это финансовые заведения, которые управляют фондами других компаний.
5. Крупные банки выдают кредиты на более выгодных условиях, чем мелкие.

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*Навчальне видання*

Збірник текстів і завдань для організації практичної роботи з  
дисципліни “Іноземна мова (за професійним спрямуванням)”  
(англійська мова)

(для студентів 1-2 курсів заочної форми навчання напрямів підготовки  
6.030504 Економіка підприємства та 6.030509 Облік і аудит )

Укладачі

***МОШТАГ Євгенія Сергіївна***  
***ТАРАБАНОВСЬКА Оксана Миколаївна***

Відповідальний за випуск *О.Л. Ільєнко*  
За авторською редакцією

Комп’ютерне верстання *О. М. Тарабановська*

План 2015, поз. 444 М

Підп. до друку 17.06.2015

Друк на ризографі.

Зам. №

Формат 60 x 84 1/16

Ум. друк. арк. 2,0

Тираж 50 пр.

Видавець і виготовлювач:

Харківський національний університет міського господарства  
імені О.М.Бекетова,

вул. Революції, 12, Харків, 61002

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Свідоцтво суб’єкта видавничої справи:

ДК № 4705 від 28.03.2014